

JENNIFER M. GRANHOLM

DEPARTMENT OF MANAGEMENT & BUDGET LANSING

LISA WEBB SHARPE DIRECTOR

April 14, 2006

Dear Sir or Madam:

Subject: State of Michigan Seeks Office Space (PR #2003-1140)

In an effort to reduce overall costs to the State of Michigan and to expedite the Bid notification system, the Department of Management and Budget, Real Estate Division is moving to an e-mail only notification system for prospective Landlords. If you haven't already done so, please go to http://www.michigan.gov/dmb-red and click on the Prospective Landlords link to re-register for the DMB Real Estate Division Bid List. Be sure to provide your e-mail address because future notifications will be via e-mail only.

Wanted To Lease

The State of Michigan is seeking 48,000 square feet of office space. Anyone interested in offering space or seeking additional information should visit http://www.michigan.gov/dmb-red

Thank you,

Ashley W. Jones III
Property Specialist, Real Estate Division
Facilities Administration

REQUEST FOR PROPOSAL – BAY CITY

DEPARTMENT OF ENVIRONMENTAL QUALITY/DEPARTMENT OF NATURAL RESOURCES

APRIL 16, 2006

The State of Michigan ("State" or "Lessee") is seeking space in Bay City, Michigan for the Department of Environmental Quality ("DEQ") and the Department of Natural Resources ("DNR"). Please respond to the Request for Proposal ("RFP") if you have a location in Bay City for which you would like to propose. If you have more than one potential location, only submit one location per proposal. Each proposal should be submitted in a sealed envelope with the proposed location clearly written on the envelope.

The state has secured the option to purchase a city owned piece of land located at Johnson and Ketchum Streets. The state will accept proposals for build-to-suit alternatives (at this site or other sites) or in an existing facility. If the decision is to select a build to suit proposal for the city owned land, the state will assign its purchase right to the city owned land to the preferred proposer. Information about this site and the terms of purchase are attached to this RFP.

I. Occupancy and Space Requirements

1. Date

Occupancy Commencement The Lease Commencement Date for the space provided ("Premises") shall be the latest date on which the improvements to the Premises are substantially complete, the Lessor secures a Certificate of Occupancy, or the Lessee begins beneficial use of the Premises. Lessor will deliver the premises to Lessee no later than October 1. 2007. If this date is not achievable, or can be provided earlier, indicate a Lease Commencement Date that is feasible. Include an estimated time frame to build out the Premises.

2. Space and Location

Approximately 48,000 usable square feet of space as delineated in the attached space program. Build-to-suit proposals must indicate the site location. If you are proposing an existing building or a build-to-suit not located on the city owned land at Johnson and Ketchum Streets, preference will be given to locations that comply with Executive Directive 2003-22.

Please verify that the Premises will be measured in accordance with 1996 BOMA Standards.

II. Financial Terms

1. Initial Lease Term

Please propose an initial lease term of twenty (20) years for a build-to-suit and ten (10) years for an existing location. Please note that DEQ and DNR will be entering into separate leases for the new facility.

2. Rental Rate

Please state your rental rate on a full-service basis, inclusive of all operating expenses and taxes. Utilities will be excluded from the rental rate. Utilities must be separately metered for the state and separately metered for DEQ and DNR.

3. Escalation

- a. There will be no Base Year Adjustments in the Lease. Please state any incremental annual increases in fixed amounts as opposed to using an index or percentage as the basis for changes.
- b. If your bid is for an existing facility, please provide us with actual operating expenses and real estate taxes for the premises for years 2004 and 2005 for existing properties. If this is a build-to-suit, please provide a cost estimate based on like-kind buildings in the area.

4. Base Building and Tenant Improvements

Please describe in detail the delivery condition of the proposed space(s).

Lessor will be responsible for providing the Premises in a "turn key" condition in accordance with the attached specifications. Please complete the appropriate attached Schedule(s) of Construction Values.

5. Moving Expenses

Please indicate a per square foot moving allowance where indicated on the Space Available Proposal form. Although a moving allowance is not required, any proposed allowance will be considered in the overall financial evaluation of the proposal.

6. Free Rent

Please indicate any free rent offered in the space provided on the Space Available Proposal form. Although free rent is not required, any proposed

free rent will be considered in the overall financial evaluation of the proposal.

7. Cancellation

All State government Leases for real property, for a term in excess of one (1) year, are required to contain a cancellation provision. This is established within the framework of the 1963 Michigan Constitution. As such, for an existing location the State may cancel the Lease with ninety (90) days written notice. The cancellation provision required during either renewal option (if exercised) shall be ninety (90) days written notice, with no other events required to initiate the cancellation. For a build-to-suit, the State may cancel with ninety (90) days written notice if an Executive determination has been made either that the purpose for which the Lease was entered into no longer exists, or that sufficient funds do not exist for meeting the rental obligations of the occupying State agency or department.

8. Security Deposit

Please confirm the Lessor's agreement that no security deposit will be required of the State.

9. Brokerage

The Staubach Company (along with their subcontractors, S.J. Wisinski Company, The Bauer Commercial Group and the Miller Group) is the sole and exclusive Broker for the State. Upon execution of a Lease, a commission will be due to The Staubach Company equal to five percent (5%) of the aggregate, full service rental obligation over the initial ten (10) year term, as escalated by fixed escalations. The commission agreement will be solely between The Staubach Company and the successful bidder. The State of Michigan shall assume no liability under the commission agreement.

III. Options and Other Lease Terms

1. Options to Renew

Please include at least two (2) consecutive options to renew the term, each for a five (5) year period. Please outline your proposed renewal terms and notice periods.

2. Parking/Out Door Work Area

The State requires one hundred sixty five (165) onsite parking spaces. Also include an on-site outdoor work area with lighting which is fenced and 50% paved (see attached program). Please describe the parking provided at the site, including the total number of spaces available and provide detail as to how you will meet this parking requirement.

3. Lease Master

All Leases entered into by the State of Michigan are based on the Lease Master pre-approved by the Attorney General's office, which is enclosed with this RFP. Any exceptions being requested to this Master Lease must accompany your bid. Final approval of lease and proposed exceptions must be given by the Attorney General. Exceptions to the Master Lease may have an impact on the award decision.

4. Purchase Options

If at anytime during the term of this Lease or any extension thereof, Lessor receives a bona fide offer to purchase any building(s) or property where the Lease Premises is located, and Lessor intends to accept, the offer will first be presented to the State for consideration.

If Lessor desires to solicit offers to sell the building(s) or property where the Lease Premises is located, Lessor will first give notice of its intention to the State and will indicate the sales price and the financial terms on which Lessor is willing to sell same ("Right of First Offer"). If the State declines to exercise its purchase option, then Lessor may sell the adjacent parcels and/or building under terms no less favorable as those terms offered to the State at any time within one hundred eighty (180) days following the date the offer was presented to the State. If Lessor does not sell the building within such one hundred eighty (180) day period, Lessor must again comply with the Right of First Offer.

Notwithstanding anything herewith, also refer to Section VI in the Lease document dealing the state's right to purchase the building.

5. Proposal Process Overview

The proposed Lease shall not be binding or effective on either party until approved and witnessed and notarized as necessary by the Lessor, Lessee, Department of Attorney General, Department of Management and Budget, Building Committee of the State Administrative Board and the State Administrative Board. If the proposed Lease or any subsequent amendments to it fall within the requirements of 1984 PA431, as amended, MCL 18.1101 et seg. (Management and Budget Act), the proposed Lease and any subsequent amendments to it shall also require approval of the Joint Capital Outlay Subcommittee of the Legislature. The effective date of the proposed Lease is the date that the last State governmental approval is obtained as set forth on the signature page. At any time prior to the last State governmental approval, the State reserves the right to reject the proposal and terminate the Lease approval process.

IV. Building Specifications and Services

1. Building Plans and Building Systems

Please provide a full description of the building, including building size and height, ceiling height, floor load capacity, column spacing, curtain wall and window treatment, lobby size, height and finishes, indoor and outdoor landscaping, location of retail, parking location and access, and any other description materials that will allow the State to understand the quality and appearance of the building. In the proposal, please include renderings and photographs of the building, site location and access maps, list of other tenants and the floors leased by each tenant, brochures, and 1/8" plans or proposed floor plans as well as an electronic version of the Auto Cad drawings. This information should include a proposed floor plan for the Premises.

2. HVAC

Define and detail the HVAC system for the building, as well as the costs and notice procedures for after-hours HVAC services.

3. Access and Security

If this is a build-to-suit, please reference the attached construction specifications. If this is an existing building, please state the type of security system and procedures used at the premises.

4. Telecommunications

If this is a build-to-suit, please reference the attached construction specifications. If this is an existing building please describe the telecommunications services (fiber optics, competitive access providers, etc.) available at the premises.

5. Cleaning and Maintenance Services

Janitorial supplies, equipment, personnel, and supervision as provided in the attached exhibit.

In the event the janitorial service provided by the Lessor is not satisfactory to the Lessee, the Lessee may provide janitorial service as described above and the Lessee's rent will then be reduced by \$1.50 per square foot per year. This \$1.50 per square foot per year rate shall be indexed to the U.S. Bureau of Labor Statistics Consumer Price Index, CPI-U, base year 1982-84=100, With the base index being the month and year the lessee took occupancy, and the comparison index being the month and year the lessee assumed janitorial responsibilities.

6. Taxes, Permits and Fees

The proposer shall pay all taxes which are levied by the Federal, State or local government, on all labor and materials entering into the work. All permits and fees required for the construction and/or remodeling work are to be arranged for and paid by the proposer. It will be the responsibility of the proposer to acquire and pay for the necessary plans and specifications from their architect/engineer. The proposer shall be responsible for all necessary inspections by the architect/engineer during the construction and/or remodeling.

7. Environmental Disclosure

The Lessor covenants that he/she has undertaken a due diligence inquiry of the premises. The premises, and property on which the premises are located, are free of any toxic, hazardous or

injurious substances as defined under Federal and State laws and regulations.

V. Experience and Financing

1. Developer

Please provide information about the building's ownership and management along with any experience in like-kind projects. Specifically include any other similar projects currently managed by said company. Proposers shall submit photocopy proof with their written proposal that they have legal authority to lease their property to State government (i.e. recorded warranty deed, land contract, lease indicating authority to sublease, etc.).

2. Financing

Please identify the equity partners and all lenders for the building, as well as evidence of confirmed financing for the project. Also, identify all entities that must approve or consent to the Lease.

VI. Proposal Evaluation Criteria

1. Proposal Evaluation Criteria

All proposals submitted will be evaluated on the following criteria:

- 1. Compliance with Executive Directive 2003-22
- 2. Condition of property/facility, including infrastructure, HVAC, etc.
- 3. Parking
- 4. Cost, including operating expenses, taxes, insurance, etc.
- 5. Prior experience/performance with State and others
- 6. Special needs of agency, if any
- 7. References from tenants in comparable space
- 8. Accessibility, i.e. roads, public transportation, access
- 9. Utilities, type available in area
- 10. Barrier Free Design
- 11. Ability to meet build out specifications and timelines, if any
- 12. Ability to meet Leadership in Energy and Environmental Design (LEED) green building standards as set forth in attached construction specifications.
- 13. Customer contact information, availability, trouble calls

- 14. Financial stability of company
- 15. Exceptions, if any, to the State's standard Lease

If the selection process described in the RFP does not lead to a viable award recommendation, or significant deficiencies are identified, DMB, at its discretion, may prepare a Deficiency Report and Clarification Request (DR/CR) for each proposal determined to be in the competitive range. Bidders will be allowed to respond in writing to the DR/CR with a Best and Final Offer (BAFO). The BAFO may include any changes to the original proposal to address the listed deficiencies, including alterations to the original cost proposal to address correction of such deficiencies. BAFOs must be submitted by the deadline established by DMB.

After reviewing the BAFOs, DMB will reevaluate the proposals using the original evaluation method. If an alteration to the original published evaluation criteria is to be made, such changes in the criteria will be published to all bidders as part of the issuance of the DR/CR's.

Bidders will <u>NOT</u> be provided any information about other proposals or fees or where the bidder stands in relation to others at any time during the evaluation process. Any request for such information will be viewed as a compromise to the stated evaluation process and the requesting bidder may be eliminated from further consideration. Successful requests for proposal information by a bidder, its subcontractor, or an affiliated party before contract award may also result in disqualification.

Bidders are cautioned to propose their best possible offers at the outset of the process, as there is no guarantee that any proposal will be allowed an opportunity to submit a Best and Final Offer.

The State of Michigan encourages you to utilize minority-owned and/or woman-owned business contractors or subcontractors in all construction or remodeling work. For assistance in locating and identifying certified businesses contact the Department of Civil Rights, Compliance Division, 3020-3068 W. Grand Boulevard, Detroit, Michigan 48202, telephone number (313) 256-2126 or the Department of Transportation, Office of Small Business Liaison or Contracts Division, 3222 South Martin Luther King Suite #2, Lansing, Michigan 48910 telephone number (517) 373-0279.

Documents to be returned by you for consideration of the proposal are:

- 1. Written Summary of Proposal (please state what type of proposal: build-to-suit city site, build-to-suit other site, or existing building).
- 2. Completed Space Available Proposal form.
- 3. Photocopy of Proof of Ownership of Property (or otherwise proof of ability to lease to State government)
- 4. Proposed Floor Plan (You must show how the State's requirements, using State standards, will fit your proposed site).

5. Completed Schedule of Construction Values.

Please note that an environmental assessment by a recognized environmental firm will be required prior to lease execution.

The enclosed documents (electronic copies only) provided to assist you in establishing your rental price are:

- 1. Lease Boilerplate
- Remodeling/Construction Standards and Specifications. These specifications (provided to you by the Department) are to be used in determining the cost of remodeling or construction. The costs for remodeling or construction, if any, shall be included as part of the rent consideration in the proposal with the heading "Amortized".
- Janitorial and Recycling Standards (see exhibit).
- 4. Options to purchase land at Johnson and Ketchum Streets.
- 5. Sample Land Contract for land at Johnson and Ketchum Streets.
- 6. Sample Purchase Agreement for land at Johnson and Ketchum Streets.
- 7. Survey of land at Johnson and Ketchum Streets.
- 8. Space program.
- 9. Schedules of Construction Values.
- 10. Bay City Disclaimer form.

Prospective bidders are required to attend a mandatory pre-bid meeting hosted by DMB and TSC on **May 3, 2006, at 10:00 am.** The meeting will be held in the Commission Chambers, Bay City City Hall, 301 Washington Avenue, Bay City, Michigan 48708. Attendees must personally register on a DMB provided form to serve as an official record of attendance and as a repository of appropriate contact information for prospective bidders.

The purpose of the meeting is to provide an opportunity for Department of Management and Budget/The Staubach Company staff and prospective bidders to review and discuss this RFP together at length, and to address any questions or concerns that may arise.

Answers to questions or clarifications will be prepared and posted on the DMB website at www.michigan.gov/dmb-red. The pre-bid meeting will be the bidders' only opportunity to personally address questions concerning this RFP. Potential bidders who do not attend this meeting **WILL NOT BE** eligible to submit a proposal.

Additional questions concerning clarifications or specifications contained in this RFP are to be submitted by email only, please indicate the appropriate Bid in your subject line, no later than **May 23, 2006** to: DMB-RED@michigan.gov

The State will not respond to telephone inquiries or visitation by bidders or their representatives.

Answers to questions will be prepared and posted on the website at www.michigan.gov/dmb-red no later than **June 1**, **2006**. Prospective bidders should check the website for any updates, questions and answers.

Please submit three (3) copies of your proposal following the above format on or before **June 16, 2006** to Terri L. Fitzpatrick, State of Michigan, Director - DMB Real Estate Division, Mason Building, 1st Floor, 530 West Allegan Street, Lansing, Michigan 48933. We kindly request that you simultaneously email a copy of your proposal to DMB-RED@michigan.gov indicating the appropriate Bid in the subject line.

Thank you for your cooperation and consideration of the State as a potential tenant in your building.

The submission of this RFP does not constitute an offer to lease. No agreement shall exist between Lessor and Lessee until both parties have executed and delivered a fully executed lease document. The State of Michigan shall have no liability for any expenses incurred by Lessor in anticipation of the lease or in replying to this RFP.

Notice of award recommendation shall be made after all proposals have been analyzed. Any proposals not meeting the minimum requirements of the enclosed sample Lease and instructions herein may be rejected. The State reserves the sole right to reject any or all proposals and/or waive any defects in any or all proposals. Establishment of a Lease contract, if made, shall be with the Proposer whose proposal, based on review of the evaluation criteria, is in the best interest of the State of Michigan.

SPACE AVAILABLE PROPOSAL

Issued by Authority of Act 431 OF 1984

Department of Management and Budget State of Michigan, Real Estate Division P.O. Box 30026 Lansing, Michigan 48909

This form is a **proposal only** to serve notification that the property noted below, with the building construction/remodeling, as per prints and specifications, is available for lease to the State of Michigan.

available for lease to	the otate of whenigan.						
NAME			ADDRESS OF PROPOSER (STREET)				
LEGAL ENTITY (i. e., HUSBAND/WIFE, CORP., PARTNERSHIP, LLC)			CITY	STATE ZIP CODE		ZIP CODE	
TELEPHONE NUMBER ()			FAX NUMBER: () EMAIL ADDRESS:				
BUILDING ADDRESS AND/OR LEGAL DESCRIPTION			TOTAL BUILDING SQ. FT. (PROVIDE DOCUMENTATION) USABLE SQ. FT.				
			(
			PERCENT OF BUILDING TO BE LEASED TO THE STATE?%				
INITIAL LEASE	MONTHLY BASE RENTAL RATE	MONTHLY OPERATING COST		MONTHLY RENT		SQ. FT. RATE	
TERM	(A)	(B)		(A+B)			
20 Years Build	\$	\$		\$		\$	
to Suit							
10 Year Existing	MONTH VENER BENTAL BATE	MONTHLY OPERA	TING 000T	MONITHINABENIT		00 57 0475	
RENEWAL	MONTHLY BASE RENTAL RATE	MONTHLY OPERATING COST		MONTHLY RENT		SQ. FT. RATE	
OPTION TERM	(A) \$	(B) \$		(A+B) \$		\$	
PLEASE DESCRIBE PARKING:				CURRENT STATE EQUALIZED VALUE			
			(SUBMIT COPY OF LATEST TAX BILL FOR VERIFICATION)				
		\$					
If applicable, in	dicate any of the following:						
Moving Allowance (per square foot) \$							
Free Rent for months/years (circle one)							
This is	a full service lease with a stand	lard cancellation.	See the detaile	d Specifications in	cluded in the	e solicitation.	
	TURN THIS FORM WILL EXCLUDE YOU S LIST FOR FUTURE PROJECTS.	OU FROM CONSIDER	RATION AS A PR	OPOSER ON THIS PR	OJECT. YOU	R NAME WILL REMAIN	
	ne right to accept any proposal, to reject an		=				
that will be in the best interest of the State. I/We have confirmed financing arrangements if I/we are selected by the State of Michigan to construct and/or remodel and lease to the State this Building for possession by the State of Michigan and are prepared to submit written evidence of such funding arrangements within 15 days of being selected as the							
successful proposer.	,	are prepared to submit wi	THE TOTAL THE STATE OF SU	on randing arrangements	within 10 days of	being selected as the	
THIS FORM MUST BE COMPLETELY FILLED OUT, SIGNED AND			PROPOSAL TO BE RECEIVED IN THIS OFFICE ON OR BEFORE: June 16, 2006				
RETURNED TO THE FOLLOWING ADDRESS:							
Ashley W. Jones III DMB Real Estate Division			POSSESSION TO TAKE PLACE ON OR BEFORE: October 1, 2007				
530 West Allegan St			WHAT IS THE CURRENT ZONING?				
Lansing MI 48909							
			DO YOU HAVE LEGAL TITLE TO PROPERTY? (circle one) YES NO (Enclose copy of Recorded Deed)				
SIGNATURE(S) OF PROPOSER			DATE				

DMB-654 (Rev. 04/13/2005)

DEFINITIONS OF TERMS FROM SPACE AVAILABLE PROPOSAL FORM

USABLE SQUARE FEET -

Measured in accordance with the most recent method of ANSI/BOMA measurement. See the American National Standards Institute, Inc., Building Owners and Managers Association Standard Method of Measuring Floor Areas (ANSI / BOMA Z65.1-1996).

MONTHLY BASE RENTAL RATE -

The portion of the monthly rental payment which is attributable to debt service and return on equity (excluding operating costs).

MONTHLY OPERATING COST -

The portion of the monthly rental payment which is attributable to operation expenses, such as utilities, maintenance, real estate taxes and/or insurance.

Monthly Base Rental Rate + Monthly Operation Cost = Monthly Rent

RENEWAL OPTION -

A lease covenant giving the State the right to extend a lease for an additional period on specified terms.

POSSESSION -

Lawful availability and physical access to install the State's furnishings and compliance with submitting a certificate of occupancy and completion of remodeling standards and specifications.

SCHEDULE OF CONSTRUCTION VALUES

48,000 Square Foot Building

For comparative purposes, please provide the development budget of the following categories for buildout for the proposed building. Give the total for the categories and not the individual items.

General Requirements

Temporary Facilities/Officer Trailer(s)

Temporary Utilities

Temporary Toilet

Temporary Construction

Supervision

Safety

Clean-up

Permits

Layout

Testing

Tap In Fees

Builders Risk

Winter Protection

Security

Dumpster

Phone

Office Supplies

Site Construction

Demolition

Environmental

Site Clearing

Site Excavation and Fill

Haul Off Top Soil

Site Conditions Allowance

Sump Manhole

Building Excavation

Utility Excavations

Sanitary Lines

Storm Lines

Landscaping

Retention

Retaining Walls

Irrigation System

Silo Foundations

Fire & Water Lines

Paving

SCHEDULE OF CONSTRUCTION VALUES

Concrete Concrete Paving Concrete Foundation Interior Concrete Slabs Cure/Seal Floor Caulk Floor Joints Precast Concrete Curbs Dock Walls Sidewalks	
Masonry Masonry Materials Masonry – Mortar and Grout Glass Block Pavers Stone Work	
Metals Steel and Joist Material Steel Bracing Structural Framing Metal Deck Stair Treads and Nosings Ornamental Metals Metal Restoration and Cleaning Expansion Joint Cover Assemblies Roof Frames & Joists Roof Hatch and Frame Other Steel	
Wood and Plastics Rough Carpentry Finish Carpentry Wood Framing Cabinets Plastic Fabrications Plastic Counter Tops/Sills	
Thermal and Moisture Protection Roofing Seal Ext. Concrete/Masonry Walls Exterior Insulation & Finish Sys. (EIFS)	

SCHEDULE OF CONSTRUCTION VALUES

Building Insulations
Exposed Wall and Roof Panels
Expansion Wall Panels
Caulking/Sealants

Doors and Windows

H.M. Doors/Frames Wood Doors/Frames Overhead Doors Door Hardware Windows Windows Hardware

Finishes

Metal Studs/Drywall
Acoustical Ceiling System
Painting Manufacturing Area
Painting Office Area
Painting Shell
Decorative Wall Finishes
Wall Coverings
Hard Flooring
Floor Covering
Carpet

Specialties

Signage
Building Signs
Dock Levelers/Seals
Truck Restraining System
Guard Rails
Flag Pole
Identification Devices/Directories
Partitions (Operable and/or portable)
Lockers
Laundry Accessories
Toilet Partition

Equipment

Toilet Accessories

Vending Equipment Food Storage Equipment Food Preparation Equipment Office Equipment

SCHEDULE OF CONSTRUCTION VALUES

Loading Dock Equipment	
Furnishings Artwork Furniture Interior Landscape Accessories Window Treatments	
Special Construction Special Purpose Rooms Lightning Protection Storage Tanks Other	
Conveying Systems Elevators Wheelchair Lifts Conveyors Cranes Steel for Cranes	
Mechanical Plumbing Domestic Water Piping Sanitary Waste and Vent Piping Storm Drainage Piping Plumbing Fixtures and Equipment Fire Protection Sprinkler – Office Sprinkler – Plant/Warehouse Sprinkler – Underground Sprinkler Piping	
Special HVAC Equipment Special Air Distribution Air Rotation Pneumatic and Electric Controls Air Conditioning – Office Area Air Conditioning – Manufacturing Area Special Ventilation System Industrial A	rea
Electrical	

Special Electrical Equipment & Wiring (Inter.)

SCHEDULE OF CONSTRUCTION VALUES

Special Electrical Equipment & Wiring (Ext.) Office Electrical Industrial Area Electrical A/C Wiring Motors Controls Wiring **Emergency Generator System Telecommunications Data Processing** Lighting Exterior, Building and Site Lighting (Interior) Service to Building **Ground Loop** Generator Engineering **Emergency Lighting** Video and Cable Contingency **Total Cost**